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Items 4 and 8 of the provisional agenda*

Adoption of the agenda and other organizational matters

High-level officials segment

Report of the Preparatory Committee for the International Conference on Financing for Development on its fourth session

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Chapter I
Introduction

Opening and duration of the session

1. In accordance with paragraph 2 of General Assembly resolution 55/213, the fourth session of the Preparatory Committee for the International Conference on Financing for Development was held in New York from 14 to 25 January and on 15 February 2002. The Committee held seven meetings (1st to 7th), as well as a number of informal meetings.

Chapter II
Organizational matters

A. Adoption of the agenda

2. At its 1st meeting, on 14 January, the Committee adopted the provisional agenda for its fourth session as contained in document A/AC.257/31. The agenda was as follows:

1. Adoption of the agenda and other organizational matters.
2. Review of the inputs to the substantive preparatory process and the International Conference on Financing for Development.
3. Finalization of the outcome of the Conference.
4. Provisional agenda and other arrangements for the Conference.
5. Adoption of the report of the Committee on its fourth session.

3. At the same meeting, the Committee adopted its organization of work for the session, as orally corrected (A/AC.257/L.10).

B. Attendance

4. Representatives of the following States attended the session: Algeria, Andorra, Angola, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Benin, Bhutan, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cambodia, Canada, Cape Verde, Central African Republic, Chad, Chile, China, Colombia, Congo, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Eritrea, Estonia, Fiji, Finland, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Guatemala, Guyana, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malaysia, Maldives, Mali, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia (Federated States of), Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nauru,

Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Slovakia, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Tuvalu, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Venezuela, Viet Nam, Yemen, Yugoslavia, Zambia and Zimbabwe.

5. The following United Nations offices and organs were represented: Economic Commission for Latin America and the Caribbean (ECLAC), United Nations Development Programme (UNDP), United Nations Children's Fund, World Food Programme, United Nations Development Fund for Women (UNIFEM), United Nations Human Settlements Programme and Joint United Nations Programme on HIV/AIDS.

6. The following specialized agencies and other organizations of the United Nations system were represented: International Labour Organization (ILO), Food and Agriculture Organization of the United Nations, World Health Organization, World Bank, International Monetary Fund (IMF), International Fund for Agricultural Development, World Intellectual Property Organization and World Trade Organization (WTO).

7. The following intergovernmental organizations were represented: African Development Bank, African, Caribbean and Pacific Group of States, Caribbean Community, Common Fund for Commodities, Commonwealth Secretariat, Inter-American Development Bank, International Organization of la Francophonie, World Conservation Union, Organisation for Economic Cooperation and Development (OECD), Organization of African Unity, International Federation of Red Cross and Red Crescent Societies and Sovereign Military Order of Malta.

8. The following non-governmental organizations in consultative status with the Economic and Social Council were represented:

General consultative status

Association de volontaires pour le service international

Caritas Internationalis — International Confederation of Catholic Charities

Commission of the Churches on International Affairs of the World Council of Churches

Greenpeace International

Interaction — American Council for Voluntary International Action

International Chamber of Commerce

International Confederation of Free Trade Unions

Legião da Boa Vontade

Red de Salud de las Mujeres Latinoamericanas y del Caribe

Society for International Development

World Economic Forum

World Federation of United and Twinned Towns

Special consultative status

8th Day Center for Justice

ActionAid

Canadian Council of Churches

Catholics for a Free Choice

Concerned Women for America

Development Alternatives with Women for a New Era

Elizabeth Seton Federation

Friends World Committee for Consultation

Fundación Intervida

Grassroots Organisations Operating Together in Sisterhood

Institute for Agriculture and Trade Policy

International Cooperation for Development and Solidarity

International Real Estate Federation

International Shinto Foundation

Life Ethics Educational Association

Lutheran World Federation

Mani Tese '76

Maryknoll Fathers and Brothers

Maryknoll Sisters of St. Dominic

National Association of Cuban Economists

New Humanity

Northern Alliance for Sustainability

Oxfam America

Oxfam Great Britain

People's Decade of Human Rights Education

Red de Educación Popular Entre Mujeres

Religious Consultation on Population, Reproductive Health and Ethics

Rural Reconstruction Nepal

School Sisters of Notre Dame

Sisters of Mercy of the Americas

Society of Catholic Medical Missionaries

United Methodist Church General Board of Global Ministries

World Association of Former United Nations Interns and Fellows

World Federalist Movement

World Organization Against Torture

World Vision International

Roster status

Canadian Council for International Cooperation

Center of Concern

The Instituto Brasileiro de Analises Sociais e Economicas

International Institute for Sustainable Development

International Studies Association

Loretto Community

Third World Institute

Third World Network

United Church of Christ Board for World Ministries

United Methodist Church General Board of Church and Society

United Nations Environment and Development (United Kingdom Committee)

Women's Environment and Development Organization

World Wide Fund for Nature (Malaysia)

9. The following non-governmental organizations accredited to the preparatory process and the Conference were represented:

Action for Economic Reform

African Forum and Network on Debt and Development

African Network for Environmental and Economic Justice

Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance

Agricultural Mission

Alternativas de Capacitación y Desarrollo Comunitario

Association pour le développement économique social environnement du nord

Berne Declaration

Bill and Melinda Gates Foundation

Centro de Investigaciones de Economía Internacional

El-Amel Association for Social Development

European Network on Debt and Development

Female Lawyers Association of Benin

Green Earth Organization

Heinrich Böll Foundation

Hydra Project International

KULU — Women and Development

La Liga Policy Institute

Nautilus Institute

North-South Institute

Norwegian Forum for Environment and Development

Organization of Pakistani Women in Development

Red Mexicana de Accion Frente Al Libre Comercio

Rural Area Development Program

State of the World Forum

United Nations Association Dominican Republic

Urban Justice Center

Women's International Coalition for Economic Justice

Year of Relief 2000

10. The following business organizations/entities accredited to the preparatory process and the Conference were represented:

Bangladesh Association for Development of Trade and Finance

Business Council for the United Nations

CIEMEX-WEFA

Eurorient

Global Champions

Infrastructure Leasing and Financial Services

Institute of Canadian Bankers

Kreditanstalt für Wiederaufbau

Money Matters Institute

Monte Cristo Investments

Samuels Associates

Soros Fund Management

C. Themes for the ministerial round tables

11. At its 1st meeting, on 14 January, the Committee decided to approve the following two themes for the ministerial round tables for the Conference as recommended by its Bureau: "Partnerships in financing development" and "Coherence for development" (see chap. VII, sect. B, decision 4/4).

D. Accreditation of intergovernmental organizations

12. At its 1st meeting, on 14 January, the Committee decided to accredit to the substantive preparatory process and the Conference six intergovernmental organizations recommended by its Bureau (see A/AC.257/33, para. 8) (see chap. VII, sect. B, decision 4/5, subparagraph (a)).

13. At its 5th meeting, on 25 January, the Committee decided to accredit to the substantive preparatory process and the Conference two intergovernmental organizations recommended by its Bureau (see chap. VII, sect. B, decision 4/5, subparagraph (b)).

E. Accreditation of non-governmental organizations

14. At its 1st meeting, on 14 January, the Committee decided to accredit to the substantive preparatory process and the Conference 41 additional non-governmental organizations recommended by its Bureau (see chap. VII, sect. B, decision 4/6, subparagraph (a)).

15. At its 5th meeting, on 25 January, the Committee decided to accredit to the substantive preparatory process and the Conference 34 additional non-governmental organizations recommended by its Bureau (see chap. VII, sect. B, decision 4/6, subparagraph (b)).

F. Accreditation of business entities/organizations

16. At its 1st meeting, on 14 January, the Committee decided to accredit to the substantive preparatory process and the Conference four business entities/ organizations recommended by its Bureau (see chap. VII, sect. B, decision 4/7, subparagraph (a)).

17. At its 5th meeting, on 25 January, the Committee decided to accredit to the substantive preparatory process and the Conference six business entities/ organizations recommended by its Bureau (see chap. VII, sect. B, decision 4/7, subparagraph (b)).

G. Documentation

18. The list of documents before the Committee at its fourth session is contained in the annex.

Chapter III
High-level inaugural segment

19. At the 1st meeting, on 14 January, the Co-Chairman, Shamshad Ahmad (Pakistan), made a statement.

20. At the same meeting, the Secretary-General addressed the Committee.

21. Also at the same meeting, statements were made by Trevor Manuel, Minister of Finance of South Africa and Special Envoy of the Secretary-General for the Conference; Eveline Herfkens, Minister for Development Cooperation of the Netherlands; Gun-Britt Andersson, Secretary of State for Development Cooperation of Sweden; and Miguel Hakim, Vice-Minister of Foreign Affairs for Economics and Cooperation of Mexico.

22. At the same meeting, statements were made by the Deputy Director-General of WTO, the Vice-President of the World Bank and a representative of IMF.

23. At the same meeting, a statement was made by the representative of Argentina.

24. At the same meeting, a statement was made by the Administrator of UNDP.

25. Also at the same meeting, statements were made by the Secretary-General of the International Chamber of Commerce and the Executive Director of the Third World Institute, a non-governmental organization.

Chapter IV
Review of the inputs to the substantive preparatory process and the Conference

26. The Committee considered agenda item 2 at its 2nd meeting, on 14 January. It had before it the following documents:

(a) Note by the Secretariat concerning the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organizations (A/AC.257/34);

(b) Letter dated 19 November 2001 from the Permanent Representative of Qatar to the United Nations addressed to the Secretary-General (A/C.2/56/7);

(c) Letter dated 10 January 2002 from the Permanent Representative of India to the United Nations addressed to the Secretary-General (A/AC.257/35);

(d) Note by the Secretary-General transmitting technical notes on Conference-related issues (A/AC.257/27 and Add.1-10);

(e) Report of the interregional meeting on financing for development organized by the regional commissions (Mexico, 14 and 15 January) (A/AC.257/CRP.2).

27. At the 2nd meeting, the Co-Chairman, Shamshad Ahmad (Pakistan), made a statement.

28. At the same meeting, a statement was made by the representative of the Sudan.

29. No proposals were submitted and no action was taken under this item.

Chapter V
Finalization of the draft outcome of the Conference

30. The Committee considered agenda item 3 at its 2nd to 4th and 7th meetings, on 14, 15 and 17 January and on 15 February 2002. It had before it the following documents:

(a) Revised draft outcome prepared by the Facilitator (A/AC.257/32);

(b) Comments on the Facilitator's revised draft and specific proposals for the International Conference on Financing for Development made by the following business entities: International Chamber of Commerce, Business Council for the United Nations, Money Matters Institute, Renaissance Strategy, Samuels Associates, World Economic Forum (A/AC.257/CRP.1);

(c) Draft outcome of the International Conference on Financing for Development: Monterrey Consensus (A/AC.257/L.13).

31. At the 2nd meeting, on 14 January, the Facilitator, Mauricio Escanero (Mexico), introduced the revised draft outcome for the Conference contained in document A/AC.257/32.

32. At the same meeting, statements were made by the representatives of Venezuela (on behalf of the States Members of the Group of 77 and China), Spain (on behalf of the States Members of the European Union, the Central and Eastern European States associated with the Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) and other associated States (Cyprus, Malta and Turkey)), the United States of America, Bangladesh (on behalf of the least developed countries), Japan, Mongolia (on behalf of the landlocked developing countries), Bulgaria, Honduras, Jordan, the Holy See, the Republic of Korea, the Russian Federation, Algeria and Poland.

33. Also at the same meeting, a statement was made by the Executive Director of UNIFEM.

34. At the same meeting, statements were made by the representatives of ILO and the International Trade Centre.

35. Also at the same meeting, a statement was made by the observer of the United Towns Organization, a non-governmental organization, speaking on behalf of the World Association of Cities and Local Authorities.

36. At the 3rd meeting, on 15 January, a statement was made by the Deputy Secretary-General of OECD.

37. At the 4th meeting, on 17 January, David Aptsiauri, Deputy Minister of Foreign Affairs of Georgia, addressed the Committee.

38. At the same meeting, a statement was made by the Executive Secretary of ECLAC.

39. At the 7th meeting, on 15 February, a statement was made by the Co-Chairman, Ruth Jacoby (Sweden).

40. At the same meeting, statements were made by the representatives of Azerbaijan, Venezuela (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), the Islamic Republic of Iran, Benin,

France and Spain (on behalf of the States Members of the United Nations that are members of the European Union).

41. Also at the same meeting, the Committee approved the draft outcome as revised by the Committee at its fourth session (A/AC.257/L.13), as a whole, for adoption by the Conference (see chap. VII, sect. A, decision 4/1).

42. At the same meeting, statements were made by the representatives of Mexico, Venezuela (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), Spain (on behalf of the States Members of the United Nations that are members of the European Union), Benin (on behalf of the least developed countries) and Suriname.

Chapter VI
Provisional agenda and other arrangements for the Conference

43. The Committee considered item 4 of its agenda at its 5th meeting, on 25 January. It had before it the draft provisional agenda for the Conference (A/AC.257/L.12) and the draft organization of work for the Conference, which was contained in an informal paper in English only.

44. At the same meeting, a statement was made by the representative of the Sudan, after which a statement was made by the Secretary of the Committee.

45. Also at the same meeting, the Committee approved the draft provisional agenda for the Conference for adoption by the Conference (see chap. VII, sect. A, decision 4/2).

46. At the same meeting, after statements were made by the Vice-Chairman of the Committee, Jana Simonová (Czech Republic) and the representative of the Sudan, the Committee approved the draft organization of work for the Conference for adoption by the Conference (see chap. VII, sect. A, decision 4/3).

47. At its 5th meeting, on 25 January, on the proposal of the Co-Chairman, Shamshad Ahmad (Pakistan), the Committee decided on a number of additional arrangements for the Conference (see chap. VII, sect. B, decision 4/8).

48. At the same meeting, a statement was made by the representative of Malaysia.

49. At its 7th meeting, on 15 February, on the proposal of the Co-Chairman, Ruth Jacoby (Sweden), the Committee decided to extend the mandate of its Bureau beyond the closure of its fourth session until the opening of the Conference (see chap. VII, sect. B, decision 4/9).

Chapter VII
Adoption of the report of the Committee on its fourth session

50. At the 7th meeting, on 15 February, the Vice-Chairman, serving also as Rapporteur, introduced the draft report of the Committee on its fourth session (A/AC.257/L.11), which he orally amended.

51. At the same meeting, the Committee adopted the draft report and entrusted the Rapporteur, in close cooperation with the other members of the Bureau and the Secretariat, to finalize the report, incorporating the proceedings of the 5th through 7th meetings.

Chapter VIII
Decisions adopted by the Committee at its fourth session

A. Decisions calling for action by the Conference

52. The following decisions adopted by the Committee at its fourth session call for action by the Conference:

Decision 4/1
Draft Monterrey Consensus

At its 7th meeting, on 15 February 2002, the Preparatory Committee for the International Conference on Financing for Development approved the text of the draft outcome of the Conference, entitled "Monterrey Consensus",[1] as a whole, and decided to recommend it for adoption by the Conference.

Decision 4/2
Provisional agenda of the International Conference on Financing for Development

At its 5th meeting, on 25 January 2002, the Preparatory Committee for the International Conference on Financing for Development decided to recommend the following provisional agenda for the Conference:

1. Opening of the Conference.
2. Election of the President.
3. Adoption of the rules of procedure.
4. Adoption of the agenda and other organizational matters.
5. Election of officers other than the President.
6. Organization of work, including the establishment of [the Main Committee,] the high-level officials segment, the ministerial segment and the summit segment.
7. Credentials of representatives to the Conference:
   (a) Appointment of members of the Credentials Committee;
   (b) Report of the Credentials Committee.
8. High-level officials segment:
   (a) General exchange of views;

[1] A/AC.257/L.13; the draft Monterrey Consensus is transmitted to the Conference in document A/CONF.198/3.

(b) Consideration of the draft Monterrey Consensus;

(c) Reports on activities by relevant stakeholders.

9. Ministerial segment:

(a) General exchange of views;

(b) Consideration of the draft Monterrey Consensus;

(c) Reports of business and civil society forums;

(d) Ministerial round tables.

10. Summit segment:

(a) General exchange of views;

(b) Consideration of the draft Monterrey Consensus;

(c) Summit round tables.

11. Adoption of the Monterrey Consensus.

12. Adoption of the report of the Conference.

Decision 4/3
Draft organization of work of the International Conference on Financing for Development

At its 5th meeting, on 25 January, the Preparatory Committee for the International Conference on Financing for Development decided to recommend the following draft organization of work for the Conference:

Date/time	*Agenda item/programme*	
High-level officials segment		
Plenary		
Monday, 18 March		
10 a.m.	1	Opening of the Conference
	2	Election of the President
	3	Adoption of the rules of procedure
	4	Adoption of the agenda and other organizational matters
	5	Election of officers other than the President
	6	Organization of work, including the establishment of [the Main Committee,] the high-level officials segment, the ministerial segment and the summit segment
	7	Credentials of representatives to the Conference
	7 (a)	Appointment of the members of the Credentials Committee
	7 (b)	Report of the Credentials Committee
	8	High-level officials segment
	8 (a)*	General exchange of views
		Statements by regional commissions and regional development banks
	8 (b)*	Consideration of the draft Monterrey Consensus
	8 (c)*	Reports on activities by relevant stakeholders
		Reports by Co-Chairs of the Preparatory Committee for the Conference
		Reports on other relevant processes: report on the World Summit for Sustainable Development and report on the ministerial seminar of the Global Environment Facility

* The sub-items will be taken up in the following order: item 8 (c); item 8 (a); item 8 (b).

Date/time	*Agenda item/programme*	
Ministerial segment		
Plenary		
Monday, 18 March		
3 p.m.	9	Ministerial segment
	9 (a)	General exchange of views
		Statements by intergovernmental, economic, financial, monetary and trade bodies and by United Nations bodies
	9 (b)	Consideration of the draft Monterrey Consensus
	9 (c)	Reports of business and civil society forums
Round tables		
Tuesday, 19 March		
10 a.m. and 3 p.m.	9 (d)	Ministerial round tables
		Two simultaneous multi-stakeholder round tables on the theme "Partnership in financing for development"
Wednesday, 20 March		
10 a.m. and 3 p.m.	9 (d)	Ministerial round tables (*continued*)
		Two simultaneous multi-stakeholder round tables on the theme "Coherence for development"
Summit segment		
Thursday, 21 March		
Plenary		
9 a.m. and 2 p.m.*	10	Summit segment
	10 (a)	General exchange of views
		Statements by the President of the General Assembly, the Secretary-General of the United Nations and the heads of the World Bank, the International Monetary Fund and the World Trade Organization
		Statements by heads of State or Government and heads of delegation

* Plenary meetings on Thursday and Friday will be extended by one to three hours, as required.

Date/time	*Agenda item/programme*	
Thursday, 21 March (*continued*)		
Round tables*		
3 p.m.	10 (c)	Summit round tables
		Two simultaneous round tables of heads of delegation, by precedence on the theme "International Conference on Financing for Development: looking ahead", with representatives of institutional stakeholders, civil society and the business sector
Friday, 22 March		
Plenary		
9 a.m. and 2 p.m.**	10 (a)	General exchange of views (*continued*)
	11	Adoption of the Monterrey Consensus
	12	Adoption of the report of the Conference
Round tables*		
4 p.m.	10 (c)	Summit round tables (*continued*)
		* * *
		Closing of the Conference

* Round tables will meet simultaneously with the plenary of the summit segment.
** Plenary meetings on Thursday and Friday will be extended by one to three hours, as required.

B. Decisions brought to the attention of the Conference

53. The following decisions adopted by the Committee at its fourth session are brought to the attention of the Conference:

Decision 4/4
Themes for the ministerial round tables

At its 1st meeting, on 14 January 2002, the Preparatory Committee for the International Conference on Financing for Development decided to approve the following two themes for the ministerial round tables, as recommended by its Bureau: "Partnerships in financing for development" and "Coherence for development".

Decision 4/5
Accreditation of additional intergovernmental organizations to the International Conference on Financing for Development

The Preparatory Committee for the International Conference on Financing for Development:

(a) At its 1st meeting, on 14 January 2002, decided to accredit the following intergovernmental organizations to the substantive preparatory process and the Conference:

Arab Bank for Economic Development in Africa
European Bank for Reconstruction and Development
Islamic Development Bank
Inter-Parliamentary Union
Ramsar
OPEC Fund for International Development

(b) At its 5th meeting, on 25 January 2002, decided to accredit the following intergovernmental organizations to the substantive preparatory process and the Conference:

Global Environment Facility
Banco Centroamericano de Integración Económica

Decision 4/6
Accreditation of additional non-governmental organizations to the International Conference on Financing for Development

The Preparatory Committee for the International Conference on Financing for Development:

(a) At its 1st meeting, on 14 January 2002, decided to accredit the following additional non-governmental organizations not in consultative status with the Economic and Social Council to the substantive preparatory process and the Conference:

Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance
Africa Development Interchange Network
African Network for Environmental and Economic Justice

Bill and Melinda Gates Foundation
Carter Center
Centre for Youth and Social Development
Centro las libres de Información en Salud Sexual Región Centro
Community Development Library
Country Women Association of Nigeria
Danish Association for International Cooperation
Development Advocates and Lobbyists
Development Network of Indigenous Voluntary Associations
El-Amel Association for Social Development
Espacio Autónomo
European Network on Debt and Development
European Partners for the Environment
European Solidarity Towards Equal Participation of People
Female Lawyers Association of Benin
Finnish United Nations Association
Friends of Children Society
Fundación Cánovas del Castillo
Fundación Diálogo Mujer
Ing Makababaying Aksyon Foundation
Inter-American Dialogue
Latin American Council of Churches
Literary Academy for Dalit of Nepal
National Service Conference of the American Ethical Union
New Light Voluntary Organization
Norwegian Forum for Environment and Development
Parliament Network on the World Bank
Pax Perpetua Community
PEACE Worldwide (Program of Education for Abodeless Children Enhancement)
Red Mexicana de Acción Frente al Libre Comercio
Self Help Initiative
Service Centre for Development Cooperation
Swiss Coalition of Development Organizations
Urban Justice Center
WaterAid
Wemos Foundation
World Population Foundation

(b) At its 5th meeting, on 25 January 2002, decided to accredit the following additional non-governmental organizations not in consultative status with the Economic and Social Council to the substantive preparatory process and the Conference:

Action de jeunes unités pour le développement integral
Action pour le développement de l'Afrique á la base
African Centre for Empowerment, Gender and Advocacy
Agency for Promoting Sustainable Development Initiatives
Arc-en-Ciel (Organization d'appui et d'animation au développement)
Association de secours et aide des victimes de l'est du Congo
Canadian Community Reinvestment Coalition

Caritas del Peru
Centro de Educación para la Participación
Centre de formation, etudes et recherches pour le développement
Centre for International Sustainable Development Law Commission
Centro de Intercambio y Servicios para el Cono Sur
Children Barned Fellowship
Collectif des organisations non-gouvernementales pour l'essor des communautés de base en Afrique
Consortium d'appui aux actions pour la promotion et le développement de l'Afrique
Espoir
Evangelischer Entwicklungsdienst
FARMAPU — Inter and CECOTRAP-RCOGL
Filomena Tomaira Pacsi
Instituto Latino-americano de Educación para el Desarrollo
Instituto Laboral para el Desarrollo Regional
Inter-American Economic Council
Kennedy School of Government
Mauritanian Association for Development and Environment Protection
Mujeres para el Diálogo
National Association for Human Rights and Development
Nordelbisches Missionszentrum
Pount People's Action
Proyectos Laubach de Alfabetización en México
SAFIA
Service oecuménique pour la paix
Solagral
SOS Anémies
Southern and Eastern African Trade, Information and Negotiation Initiative

Decision 4/7
Accreditation of business entities/organizations to the International Conference on Financing for Development

The Preparatory Committee for the International Conference on Financing for Development:

(a) At its 1st meeting, on 14 January 2002, decided to accredit the following business entities/organizations to the substantive preparatory process and the Conference:

Business Council for the United Nations
Eurorient
Kreditanstalt für Wiederaufbau
Global Champions

(b) At its 5th meeting, on 25 January 2002, decided to accredit the following business entities/organizations to the substantive preparatory process and the Conference:

BRED banque populaire
Cisco Systems

Deutsche Gesellschaft für Technische Zusammenarbeit
Deutsche Investitions und Entwicklungsgesellschaft
ONDEO
Renaissance Strategy

Decision 4/8
Arrangements for the Conference

At its 5th meeting, on 25 January 2002, the Preparatory Committee for the International Conference on Financing for Development decided:

(a) To authorize its Bureau to finalize any outstanding organizational or procedural matters, in consultation with the host Government and with the support of the Secretariat, for approval, as necessary, by the Conference;

(b) To request the regional groups to designate their co-Chairs and country participants for the round tables at the ministerial and summit segments and their nominations for the General Committee of the Conference by 20 February 2002;

(c) To invite Governments to inform the Secretariat of their head of delegations for the Conference by 1 March 2002.

Decision 4/9
Further arrangements for the Conference

At its 7th meeting, on 15 February 2002, the Preparatory Committee for the International Conference on Financing for Development decided to extend the mandate of its Bureau beyond the closure of its fourth session until the opening of the Conference in Monterrey, Mexico, on 18 March 2002.

Annex

List of documents before the Committee at its fourth session

Document symbol	*Agenda item*	*Title or description*
A/AC.257/10/Add.5	1	Note by the Secretariat transmitting a list of non-governmental organizations recommended by the Bureau for accreditation in the substantive process and the Conference: *addendum*
A/AC.257/27	2	Note by the Secretary-General on technical notes
A/AC.257/27/Add.1	2	*Addendum*: technical note No. 1, "Existing proposals for enhanced international cooperation on tax matters"
A/AC.257/27/Add.2	2	*Addendum*: technical note No. 2, "Existing proposals for international cooperation to combat corruption, including repatriation of illegally transferred funds to the countries of origin"
A/AC.257/27/Add.3	2	*Addendum*: technical note No. 3, "Existing proposals for innovative sources of finance"
A/AC.257/27/Add.4	2	*Addendum*: technical note No. 4, "Existing proposals to propose increased and more effective participation of developing countries in the trade and financial decision-making processes"
A/AC.257/27/Add.5	2	*Addendum*: technical note No. 5, "Existing proposals for improved or new processes for coordinated debt restructuring (prevention and treatment of debt problem) in order to sustain growth and support economic and social development"
A/AC.257/27/Add.6	2	*Addendum*: technical note No. 6, "Existing proposals to increase market access to exports of developing countries"
A/AC.257/27/Add.7	2	*Addendum*: technical note No. 7, "Existing proposals on bilateral and multilateral investment agreements and practices as regards codes of conduct on transnational corporations and Governments with respect to foreign direct investment"
A/AC.257/27/Add.8	2	*Addendum*: technical note No. 8, "Existing proposals on financial crisis prevention, including operation of early warning systems and transparent and predictable international financial markets"
A/AC.257/27/Add.9	2	*Addendum*: technical note No. 9, "Existing proposals to ensure availability of sufficient international liquidity in order, inter alia, to avoid unnecessary recessive adjustment processes"
A/AC.257/27/Add.10	2	*Addendum*: technical note No. 10, "Existing proposals on strategies for expanding access to microcredit and for assisting current microcredit beneficiaries in gaining access to the

Document symbol	*Agenda item*	*Title or description*
		formal domestic banking sector"
A/AC.257/30/Add.1	1	Note by the Secretariat *transmitting a list of* business entities/organizations recommended by the Bureau for accreditation in the substantive process and the Conference: *addendum 1*
A/AC.257/30/Add.2	1	Note by the Secretariat transmitting a list of business entities/organizations recommended by the Bureau of the Committee for accreditation in the substantive process and the Conference: *addendum 2*
A/AC.257/31	1	Provisional annotated agenda
A/AC.257/32	3	Revised draft outcome prepared by the Facilitator
A/AC.257/33	1	Fifth report of the Bureau on preparations for the Conference
A/AC.257/34	2	Note by the Secretariat on the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization
A/AC.257/35	2	Letter dated 10 January 2002 from the Permanent Representative of India to the United Nations addressed to the Secretary-General
A/C.2/56/7	2	Letter dated 19 November 2001 from the Permanent Representative of Qatar addressed to the Secretary-General
A/AC.257/CRP.1	3	Comments on the Facilitator's redraft and specific proposals for the Conference made by the following business entities: International Chamber of Commerce, Business Council for the United Nations, Money Matters Institute, Renaissance Strategy, Samuels Associates, World Economic Forum
A/AC.257/CRP.2	2	Summary of conclusions of the interregional meeting on financing for development organized by the regional commissions in Mexico on 14 and 15 January 2002
A/AC.257/L.10	1	Note by the Secretariat on the organization of work of the session
A/AC.257/L.11	5	Draft report
A/AC.257/L.12	4	Draft provisional agenda of the Conference
A/AC.257/L.13	3	Draft outcome of the Conference: Monterrey Consensus

United Nations A/CONF.198/6

International Conference on Financing for Development

Monterrey, Mexico
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Items 9 and 10 of the provisional agenda*

Ministerial segment

Summit segment of the provisional agenda

Letter dated 5 March 2002 from the Chargé d'affaires of the Permanent Mission of Mexico to the United Nations and the Permanent Representative of Norway to the United Nations addressed to the Secretary-General

The Governments of Mexico and Norway, the Inter-American Development Bank and the Group of 24 co-sponsored a conference on the theme "Financing for development: regional challenges and the regional development banks" and a round table on the theme "New proposals on financing for development" in Washington, D.C., on 19 and 20 February 2002.

The conference and round table were organized by the Centre for Global Development and the Institute for International Economics in support of the International Conference on Financing for Development, to be held in Monterrey, Mexico, from 18 to 22 March 2002.

We have the honour to transmit the attached Chairperson's report of the outcomes of the conference and round table (see annex). The report has been prepared by the Chairpersons of the two events. It does not necessarily represent the views of the Mexican and Norwegian Governments.

Upon instruction from our Governments, we have the honour to request that the present letter and its annex be circulated as a document of the International Conference on Financing for Development.

(*Signed*) Roberta **Lajous**
Ambassador
Chargé d'affaires a.i.
Permanent Mission of Mexico to the United Nations

(*Signed*) Ole Peter **Kolby**
Ambassador
Permanent Representative of Norway to the United Nations

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Annex to the letter dated 5 March 2002 from the Chargé d'affaires of the Permanent Mission of Mexico and the Permanent Representative of Norway addressed to the Secretary-General

New Proposals and Regional Challenges on Financing for Development

Chairpersons' Report*

By
The Center for Global Development and
The Institute for International Economics

On February 19 and 20, 2002, the Center for Global Development (CGD), and the Institute for International Economics (IIE) organized in Washington, D.C. two interrelated events aimed at providing ideas and input for the UN Global Conference on Finance for Development (FfD) in Monterrey, Mexico. The first event was a conference on ***Financing for Development: Regional Challenges and the Regional Development Banks***. The second was a high-level round-table on ***New Proposals on Financing for Development***. The Government of Norway, the Mexican Government, the Inter-American Development Bank, and the Group of 24 co-sponsored these events. Participants included a small number of ministers of finance, central bank governors and ministers of development from around the world as well as several leading policy and academic experts who held informal and frank interaction during the two-days meetings. This reports conveys observations and conclusions from their discussions.

The goal of the meetings was two-fold: first to identify initiatives to expand financial resources available for development that merit serious consideration at the political level in Monterrey; and second to address regional cooperation and the specific role of Regional Development Banks (RDBs), an issue largely overlooked by the Preparatory Committee for Monterrey.

The main conclusion from the meetings was that the ambitious Millennium Development goals can only be achieved through a combination of increased financial flows to developing countries, and increased effectiveness of those flows in triggering growth and poverty reduction. That in turn implies not only more foreign aid but increased private investment, domestic and foreign. Conference participants

* The meetings were chaired by the President of the Center for Global Development, Nancy Birdsall, and the Director of the Institute for international Economics, Fred Bergsten. This report is available on the website of the Center for Global Development, www.cgdev.org.

agreed that the potential contribution of RDBs, particularly in catalyzing greater private flows, and in helping borrowers acquire more sustained and less costly access to global markets, has not been fully exploited.

1. Aid as a Source of Finance

Aid efficiency

While there are deficiencies in aid delivery and development policies that need to be addressed, there is a broad consensus that aid programs can work and that increased official development assistance (ODA) is essential for the achievement of the Millennium Development Goals. Aid is not sufficient, but it plays an indispensable role. The Zedillo report (later confirmed by a World Bank report) estimates that an additional US$50 billion per year is needed to reach the goals. At the same time, the report emphasizes that prudent and efficient policies in the developing countries, and reforms in the donors' mechanisms for delivering aid, are necessary for the effectiveness of ODA. The challenge is both an increase in aid, and the need for improving the efficiency of ODA that already exists.

A number of conference participants provided examples about channels of aid that do work and argued that a significant increase of aid funds can easily be put to good use. They argued that in the areas of health and education alone donor countries could double the amount of money that they are spending today and know that they are spending it well. Important and well-designed programs like the *Global Disease Fund* and WHO's *Stop TB Partnership* are starved for lack of funds. The WHO Commission chaired by Jeffrey Sachs, *Macroeconomics and Health* shows that improved health can have a large impact on development.

Performance monitoring

A consensus exists about the need for close monitoring of the results of development policies and that aid should be linked to performance. Donors and developing countries owe it both to the world's poor and to the taxpayers to make sure that aid money is used wisely. The developed countries should focus on the volume and quality of assistance, market access, and on enhancing the representation and participation of developing countries in multilateral organizations. The developing countries should focus upon the whole range of domestic preconditions that are needed for development, i.e., on good governance in the broadest sense of the term. Several participants also focused on the responsibility of donor countries in making and keeping their commitments to poor countries.

> We have been involved in the structural adjustment programs, we have liberalized, we have opened our economy, the Uganda Shilling is freely convertible, and so on. I have said to the IMF, "Look, you are a doctor, and I have attended to the prescription that you gave me, and I have behaved as is to be expected, but still I am not seeing a light at the end of the tunnel."
>
> *Gerald Ssenduala, Minister of Finance, Uganda*

Grants or concessional lending?

There is broad agreement that many development concerns need to be financed by grants, and that some countries have unsustainable debt levels. Participants agreed in principle that some share of World Bank concessional resources ought to be used as grants. There was general agreement that IDA resources for certain needs such as post-conflict reconstruction, natural disasters, HIV/AIDS and other infectious diseases should be disbursed in grant form. But there was no real progress on the existing debate between the Americans and the Europeans on the proportion (anywhere from 10 to 50%) that should be directed towards grants. A number of ministers argued that focus should be on the need for increased funding, not on shifting funds between channels.

> There is a charitable spirit in the United States that will be more forthcoming than the current level of assistance that's provided through the federal government, but I don't think it will be real until we can do a better job of demonstrating value for money spent.
>
> *Paul O'Neill*
> *U.S. Secretary of the Treasury*

Exchange of views during the meetings showed that the disagreement between the US and the European donors is not really on some arbitrary number for the share of grants in World Bank disbursements. Instead, the central issue is a perceived difference in the willingness to commit funds for increased development aid. Some conference participants suggested that a possible compromise may be the Gordon Brown proposal for an agreement where donors declare a long-term commitment to increase funds provided that the developing countries pledge to good governance and where aid disbursements depend on results demonstrated on the ground.

> ODA is where we have come up short. ODA is where Monterrey must urgently move beyond the Monterrey consensus reached in New York. We owe it to ourselves, as well as to our development partners, to constantly strive for greater development effectiveness. But just improving quality cannot resolve the problem of under-funding in our development efforts.
>
> *Hilde Frafjord Johnson*
> *Minster of International Development, Norway*

2. New financing initiatives

A number of new initiatives dealing with the scarcity of funds for development emphasize collective actions between countries as superior alternatives relative to decisions at the country level. At the meetings, Nobel Prize winner Joseph Stiglitz argued that cooperation between countries to form a pool of shared foreign reserves would reduce significantly the high opportunity cost of holding reserves by each country separately. In Stiglitz's view, this cooperative approach would allow countries to free up resources for development.

The creation of a new source of funding at the global level is also at the core of George Soros' proposal. Soros advanced a new mechanism for allocating the newly proposed issue of Special Drawing Rights (SDRs) by the International Monetary Fund (currently waiting approval by the US Congress). Soros proposed that industrial countries donate their share of SDRs to developing countries. Resources transferred would be used to finance development projects, such as those related to education and health, in a "market place of projects." Use of these resources would follow clear conditions and would be monitored by a board of experts fully independent of the IMF.

Advantages and limitations of these proposals were discussed at the meetings. For example those against Soros' proposal argued that the immediate use of SDRs allocations would involve a creation of money that could generate world wide inflationary pressures. Others disliked the idea of using funds aimed at dealing with liquidity problems to finance long-term projects. Not surprisingly, supporters of the proposal considered the benefits of additional resources for financing as largely exceeding the associated risks.

3. Instruments and policies to attract foreign private capital

While participants recognized that foreign private capital cannot meet all development needs, sustained access to international capital markets is of utmost importance to most developing countries because they require higher investment than their current savings. The goals of official aid cannot be reached without complementary sources of private sector finance. Conference participants agreed that improving market access involved important efforts by developing countries. Ministers from both developing and industrial countries agreed that long-term private investment can only occur in an environment where the economic fundamentals are stable, property rights are clearly defined and the rule of law is adequately enforced. In this regard, the role of RDBs was highlighted. Because of their deep knowledge of the economic and political circumstances of a region, RDBs were viewed as unusually well positioned to help countries advance these second generation reforms needed to attract private investment.

Participants discussed the merits and problems of implementing in developing countries the international standards and codes being developed by the Basle Committee. There was agreement about the ultimate usefulness of the standards in enhancing the role of market discipline, and, therefore, improving countries' access to international capital markets. But most participants were concerned that immediate and full compliance with standards that do not take into account the shallow financial markets in many developing countries (and in some settings the high and unpredictable risks of domestic government debt), did not make sense. In addition, compliance with the standards was too expensive for most developing

countries. From the perspective of developing countries the following problems were raised: (a) an excessive number of standards; (b) insufficient resources and technical capacity for implementing the standards (c) lack of ownership, i.e. the developing countries have no real participation in the design and prioritization of standards.

Recognizing these problems, participants saw a key role for the RDBs to bridge the gap between standard-assessing institutions (largely, the IMF and the World Bank) and developing countries. Participants identified three instruments at the disposal of RDBs: their own lending, especially financial sector reform loans; their convening power, particularly with the private sector; and their technical assistance capacity.

More generally, with these instruments, and with their capacity (though relatively limited by their own policies, except in the case of the EBRD) to provide direct loans and guarantees to the private sector to catalyze private flows, the RDBs can help countries improve their own financial markets, promote the development of regional capital markets, and facilitate access to the international financial markets, using their own expertise and contacts in those markets on behalf of their members. Finally, they may be able to help limit regional contagion from national financial crises by creating and disseminating to the global capital markets a constant stream of information about country policies and institutions, allowing the markets to differentiate within regions.

The provision of "emergency liquidity loans" by RDBs at time of financial crises was more controversial. Some participants agreed that this was a role for the IMF only. Others noted that during recent crises, RDBs have played a critical role in providing short-term budget support for sustaining and rebuilding the medium-term countercyclical social safety programs that are a central development challenge.

4. Regionalism: the sleeping giant in mobilizing financing sources for development

Discussions brought consensus about the benefits of regional trade and financial integration. Because trade agreements are conducive to growth, they allow for the creation of resources that can be allocated to development goals. Moreover, reciprocal opening of markets for goods and financial services provides opportunities for foreign direct investment and its related fresh inflow of long-term capital. Participants viewed regional integration as a complement, rather than a substitute, to development of more integrated global markets. Regionalism has helped advance multilateral negotiations. The experience of the European Union was cited as a case in point, especially in generating "peer pressure" that can help the regions to help themselves.

A number of participants argued that regional integration is itself a regional public good. Regional efforts are constrained by the difficulty of coordination, or collective action, among countries. The public goods dimension of regional integration calls for the support of RDBs. These institutions can provide the intellectual leadership to promote regionalism. RDBs can also help countries build the necessary capacity to meet the challenges of regionalism. This includes reforms in labor and capital markets, establishment of needed infrastructure and regulatory base to compete effectively in the international arena and the provision of social safety nets to minimize the impact of resource re-allocation on the poor.

But regionalism goes beyond trade and financial agreements. It also includes the provision of regional public goods and services essential for development that are not provided by markets or by single nations. In spite of their importance, there is under-investment in many key regional public goods. Returns would be high to new regional investments in trans-border infrastructure, programs to contain contagious disease, watershed management, and management of such regional 'bads' as environmental spillovers.

Major regional initiatives such as the New Partnership for Africa's Development (NEPAD) and efforts to deal with shared natural resources like the Nile River Basin Initiative or the Mekong River Commission are important, not only for the development of the participating countries, but are also essential instruments for preventing and solving conflicts, a prerequisite for development. However, they are difficult both to organize and to finance.

Once again, RDBs are well placed to serve as catalysts for collective action. Because of cultural proximity and the borrowers' role in the management of the banks, RDBs have the capacity to convene, generate and transfer knowledge, assist in negotiations, and transfer funding – especially to support regional initiatives themselves. By involving themselves in these activities, RDBs have the ability to lock countries into reform commitments and create venues where parties can meet to address negative neighborhood problems. At the moment, however, the RDBs lack an instrument, other than grants, to finance regional goods since their loans require recipient government guarantees, and the allocation of the benefits of regional goods across borrowers is problematic.

5. Increasing Domestic Savings: A Sustainable Source of Financing for Development

Throughout the discussions it became apparent that participants agreed on the need for developing countries to build up their own sources of finance. This is particularly important given the well-known volatility of international private capital flows. While it was recognized that achieving ratios of domestic savings consistent with sustainable growth and development was a long-term objective, a number of participants emphasized the need to build the foundations to reach such a goal. In this connection, participants stressed the importance of sound banking systems and the development of domestic capital markets. Well functioning domestic financial systems are essential to create incentives for depositors to maintain their savings in long-term instruments and to ensure the productive allocation of these savings. In short, while foreign aid is essential to bridge the existing colossal gap between needed investments and current domestic savings, a measure of aid's success will ultimately be in the capacity of developing countries to generate domestic savings.

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Agenda item 7
Credentials of representatives to the Conference

Report of the Credentials Committee

Chairman: Mr. Carlos Gianelli (Uruguay)

1. Rule 4 of the rules of procedure of the International Conference on Financing for Development provides that:

> "A Credentials Committee of nine members shall be appointed at the beginning of the Conference. Its composition shall be based on that of the Credentials Committee of the General Assembly of the United Nations at its fifty-sixth session. It shall examine the credentials of representatives and report to the Conference without delay."

2. At its 1st plenary meeting, on 18 March 2002, the Conference, in accordance with rule 4 of its rules of procedure, appointed a Credentials Committee with the same composition as that of the Credentials Committee of the General Assembly of the United Nations at its fifty-sixth session, namely, China, Denmark, Jamaica, Lesotho, the Russian Federation, Senegal, Singapore, the United States of America and Uruguay.

3. The Credentials Committee held one meeting, on 20 March 2002.

4. The Committee had before it a memorandum by the Secretary of the Conference dated 20 March 2002 on the credentials of representatives of States and of the European Community to the Conference. A representative of the Office of Legal Affairs of the United Nations Secretariat made a statement relating to the memorandum, in which, inter alia, he updated the memorandum to indicate credentials and communications received subsequent to its preparation.

5. As noted in paragraph 1 of the memorandum and in the statement relating thereto, formal credentials of representatives to the Conference, in the form required by rule 3 of the rules of procedure of the Conference, had been received as of the time of the meeting of the Credentials Committee from the following 41 States and the European Community: Algeria, Bahamas, Barbados, Belarus, Burkina Faso, Cambodia, China, Colombia, Cook Islands, Cyprus, Czech Republic, Dominican Republic, Eritrea, Finland, Guinea-Bissau, Holy See, Iceland, Iraq, Lao People's Democratic Republic, Libyan Arab Jamahiriya, Malaysia, Monaco, Mongolia, Morocco, Myanmar, Nicaragua, Republic of Korea, Russian Federation, Singapore, South Africa, Spain, Sudan, Suriname, Swaziland, Sweden, Tunisia, Turkey, Ukraine, Uruguay, Yugoslavia and Zimbabwe.

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6. As noted in paragraph 2 of the memorandum and in the statement relating thereto, information concerning the appointment of the representatives of States to the Conference had been communicated to the Secretary-General of the United Nations, as of the time of the meeting of the Credentials Committee, by means of a cable or a telefax from the head of State or Government or the Minister for Foreign Affairs, or by means of a letter or note verbale from the mission concerned, by the following 138 States: Afghanistan, Albania, Andorra, Angola, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burundi, Cameroon, Canada, Cape Verde, Central African Republic, Chad, Chile, Comoros, Congo, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Denmark, Djibouti, Ecuador, Egypt, El Salvador, Equatorial Guinea, Estonia, Ethiopia, Fiji, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lesotho, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Maldives, Mali, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia (Federated States of), Mozambique, Namibia, Nauru, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Palau, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Moldova, Romania, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Slovakia, Slovenia, Solomon Islands, Somalia, Sri Lanka, Switzerland, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Turkmenistan, Tuvalu, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela, Viet Nam, Yemen and Zambia.

7. As noted in paragraph 3 of the memorandum and in the statement relating thereto, the following two States participating in the Conference had not, as of the time of the meeting of the Credentials Committee, communicated to the Secretary-General any information regarding their representatives to the Conference: Bosnia and Herzegovina, and Hungary.

8. The Committee decided to accept the credentials of the representatives of all States listed in the above-mentioned memorandum and the statement relating thereto and the European Community, on the understanding that formal credentials for the representatives of the States referred to in paragraphs 6 and 7 above would be communicated to the Secretary-General as soon as possible.

9. The Committee adopted the following draft resolution without a vote:

"*The Credentials Committee*,

"*Having examined* the credentials of the representatives to the International Conference on Financing for Development referred to in the memorandum of the Secretary of the Conference dated 20 March 2002,

"*Accepts* the credentials of the representatives of the States and of the European Community referred to in the above-mentioned memorandum."

10. The Committee decided, without a vote, to recommend to the Conference the adoption of a draft resolution (see para. 12 below).

11. In the light of the foregoing, the present report is submitted to the Conference.

Recommendation of the Credentials Committee

12. The Credentials Committee recommends to the Conference the adoption of the following draft resolution:

"Credentials of representatives to the International Conference on Financing for Development

"*The International Conference on Financing for Development*,

"*Having considered* the report of the Credentials Committee and the recommendation contained therein,

"*Approves* the report of the Credentials Committee."

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International Conference on Financing for Development

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Agenda items 9 (d) and 10 (c)

Ministerial segment: ministerial round tables

Summit segment: summit round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

1. According to the organization of work for the International Conference on Financing for Development adopted by the plenary of its high-level officials segment on 18 March 2002, eight multi-stakeholder round tables will be convened during the ministerial segment of the Conference on Tuesday and Wednesday, 19 and 20 March (two each morning and two each afternoon); in addition, four multi-stakeholder round tables will be convened during the summit segment of the Conference on Thursday, 21 March 2002 (two in the morning and two in the afternoon).

2. Summaries of the 12 round tables will be issued as addenda to the present note in the order in which they are received by the Secretariat.

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A/CONF.198/8/Add.1

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Agenda item 9 (d)
Ministerial segment: ministerial round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

Addendum

Ministerial round table A.2, on the theme "Partnerships in financing for development"

Tuesday, 19 March 2002 (morning)

1. The round table held a very rich debate on the main issues before the International Conference on Financing for Development and on the theme "Partnerships in financing for development". A summary of the discussion is set out below.

General considerations

2. The general considerations of the round table were as follows:

- Ministers expressed strong support of the draft Monterrey Consensus, in particular of the domestic and international reforms that it advocates. The draft Consensus has put financing at the top of the international agenda;
- Ministers focused on the implementation of the draft Monterrey Consensus. They were of the view that an effective and rapid implementation of the draft Monterrey Consensus is critical to spur economic growth worldwide and eradicate poverty;
- It was noted that implementation will require major national and international efforts, and that substantial technical efforts should be accompanied by a strong and persistent political will. The participation of heads of State and Government in the Conference augur well for such political will;
- Partnership was seen as critical. However, partnerships must go hand in hand with country ownership. No single partner — whether a country or an institution — can do enough. Several dimensions of partnership are considered to be key to development. Public-private partnership is at the core of rapid economic growth. Partnership between countries and development organizations, as well as among the latter, are also crucial for sustainable

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development. Partnership between aid agencies and NGOs also make a major contribution to development efforts;

- Participants stressed that the millennium development goals are the driving force of the new unprecedented international effort for mobilizing financing for development. Considerable progress has been made in the last 30 years in the areas of health, education and other basic social services. Yet the numbers of the poor and the illiterate remain far too high, and international goals in the areas of health and basic social services are far from being achieved. The situation in least developed countries and landlocked developing countries calls for particular attention. Commitments to help those countries, other developing countries and countries with economies in transition to develop and integrate with the world economy must be implemented;

- Some ministers were of the view that the draft Monterrey Consensus should have been more explicit in addressing the social agenda and the financing of programmes in social sectors. They also pointed to the need to address unemployment, pay greater attention to the informal sector of the economy and support small entrepreneurs. In that regard, particular attention must be paid to rural areas, where the majority of the poor live;

- Many ministers stressed the importance of education for all, particularly girls and women. Positive change requires education at all levels, particularly universal primary education for boys and girls, as called for in the United Nations Millennium Declaration. The implementation of the Conference outcome must be pursued in a human rights framework.

Main issues discussed

3. Alongside support of the draft Monterrey Consensus by all ministers, discussion focused on a number of key issues. There was agreement that good governance forms the basis for mobilizing both domestic and international resources for developing countries. It was pointed out that effective efforts to eradicate corruption are essential for good governance in all countries, and that those efforts are the joint responsibilities of developing and developed countries. Allocation of government resources to military uses diverts funds from development expenditures. With regard to international private resources, foreign direct investment was seen as preferable to short-term capital and more volatile credit. Many participants pointed out that the improvement of market access for agricultural products represents an important contribution to financing for development. There was general agreement that effective progress in implementing the Doha Ministerial Declaration, particularly the liberalization of trade in agriculture, is crucial. In that regard, it was stressed that mechanisms should be developed to support the effective functioning of small entrepreneurs in a globalized economy, and that care must be taken to ensure that entrepreneurs benefit from international assistance. Many urged the rapid implementation of the enhanced heavily indebted poor countries (HIPC) initiative and efforts by donor countries to increase official development assistance (ODA) to reach 0.7 per cent of gross national product. At the same time, ministers emphasized that the quality of ODA needs to be enhanced through improved coordination of donor efforts and conditions, the untying of aid and improved capacity of recipient countries to use aid effectively. A major international effort to assist developing countries in capacity-building in all areas was identified as an integral part of

development assistance. Ministers underscored the importance of achieving consistency and coherence of the international monetary, trading and financial systems, as well as in the policies of developed countries, which can affect the international economic conditions that impact the economies of developing countries. They also emphasized the importance of reform of the Bretton Woods institutions and increased participation of developing countries in economic decision-making.

Proposals additional to those contained in the draft Monterrey Consensus

4. The following represent proposals made by various participants:

- Extended use of regional swap network for central banks;
- Regional banks to create new credit lines for emergency loans and to increase loans to the social sector;
- Debt cancellation for IDA-non-HIPCs;
- More extensive use of debt swaps;
- International Monetary Fund/World Bank/Organisation for Economic Cooperation and Development international dialogue on taxation;
- Industrialized countries should open labour markets to workers from developing countries;
- Establish international standards of partnership;
- Strengthen various global information clearinghouses for use by domestic and international investors;
- Improvement of private credit rating methodology.

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Ministerial segment: ministerial round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

Addendum

Ministerial round table A.3, on the theme "Partnerships in financing for development"

Tuesday, 19 March 2002 (afternoon)

1. Ministers regarded the draft Monterrey Consensus as the embodiment of a new partnership for development, although a number of participants felt that it is not sufficiently far-reaching. There was broad agreement that its adoption must be followed by a strong focus on implementation and translation from words into action if it is to become a meaningful global initiative. Political will and leadership — in both the developed and the developing countries — will be key factors determining its ultimate success.

2. The need to ensure national ownership of development was underlined. The development process must be fully inclusive and the concerns of all must be taken into account in the formulation and implementation of strategies, programmes and projects. External assistance should be regarded as economic cooperation rather than "aid", not as a permanent crutch but as a means of helping developing countries to help themselves. It is of the utmost importance that recipient countries themselves design programmes of reform and poverty eradication and fully own them. Donor countries should support implementation of such programmes instead of requiring recipient countries to follow any donor-designed reforms. The experience of Ireland with the aid received from its European partners was hailed as a good example of ownership, in which the recipient was encouraged to set its own developmental priorities, which were then supported by its partners. The New Partnership for Africa's Development was recognized as an important recent initiative fully owned by the developing countries involved.

3. Within the framework of ownership, partnerships entail a clear understanding of the reciprocal commitments and mutual obligations of all parties involved in development. Ministers endorsed the concept of partnership as a central principle of

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international development cooperation, but felt that further work will be required to refine the new commitment to partnership into concrete results.

4. Different aspects of the concept of partnership were stressed, including partnerships between developing countries, among developing countries and between the public and the private business sectors, as well as those involving various branches of civil society, including NGOs and trade unions. One of the key aspects of the concept of partnership is the need to fully recognize the role and contribution of those civil society partners. Participants also emphasized the need to incorporate the gender perspective into all development programmes and projects.

5. Several examples were provided of the need for and benefits of partnerships within countries. It was recognized that the State's responsibility for development must be shared with a range of other stakeholders within and outside the countries. The private sector has a comparative advantage in some areas, although there are a number of risks and activities that are best left in the realm of the State. In some cases, public-private partnerships provide a means of taking advantage of the strengths of both parties. Several participants provided examples of such public-private collaboration.

6. Official development assistance (ODA) was universally recognized as indispensable to meeting the millennium development goals, particularly in the poorest countries. Attention should be focused on supporting national efforts to improve education and health, including AIDS, but there is also a manifest need for capacity-building, including in the management of ODA; some participants felt that infrastructure development no longer receives adequate attention in aid programmes.

7. The accountability of both donors and recipients of aid was widely stressed. Recipients of aid should be accountable to both their citizens and donors in terms of commitment to sound governance and policies, but donors are also accountable to recipients in many ways, including in such respects as the volume, quality and effectiveness of their aid. Developed countries should make their own accountability a priority rather than leaving it to NGOs.

8. The need to enhance coherence and coordination in international development assistance was emphasized. Developing countries are often required to comply with varying conditions in order to receive aid because donors' priorities and procedures differ. Improved coordination among donors could reduce the burden on recipient countries, particularly small States.

9. Many ministers emphasized that public awareness about the importance of closing the poverty gap needs to be raised in the developed countries. There is a need to increase recognition of the need for and effectiveness of ODA in order to increase public support for additional flows. The Conference has already had a positive impact in that respect; the media could be an important partner in continuing that effort. Appreciation was expressed for the proposed increases in flows that have been announced by some major donors in the days prior to the Conference, but there is concern that ODA will still fall far short of both the estimates of the flows required to ensure that the millennium development goals are met and the target of 0.7 per cent of gross national product.

10. There was an emphasis on the need for coherence among the trade, finance and development policies of developed countries. Several participants highlighted the

impediments to development in developing countries created by protectionism and domestic subsidies in the developed countries.

Proposals going beyond the draft Monterrey Consensus

11. The following represent proposals made by various participants:

- One delegation clarified an earlier announcement regarding an increase in its country's future aid flows;
- One delegation announced that its country would be proposing a global lottery;
- A number of recipient countries recommended that donors delegate full responsibility for the management of their external assistance programmes to their offices in recipient countries;
- It was also proposed that donors pool their resources into a single fund at the country level;
- There was a suggestion that the international financial institutions report on donor countries' performance in terms of volume and quality of aid given, as well as on other development-related policies towards developing countries, such as trade;
- Two private-sector enterprises made proposals concerning learning frameworks and learning networks to build capacity for entrepreneurship and organizational skills in developing countries;
- It was suggested that the United Nations is in an advantageous position to raise public awareness of the need for additional aid flows.

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Addendum

Ministerial round table A.4, on the theme "Partnerships in financing for development"

Tuesday, 19 March 2002 (afternoon)

1. The draft Monterrey Consensus was welcomed as a historical instrument and a turning point in the global partnership for development.

2. Participants emphasized that partnership is a critical element for poverty eradication and the achievement of the millennium development goals. Several dimensions of partnerships are considered key to people-centred sustainable development. At the national level, partnerships should be based on shared responsibilities and complementarity of efforts and roles of the State, the private sector and civil society. At the global level, developed and developing countries should pursue development as a joined responsibility. Partnerships among countries, development organizations, civil society and business are considered to be essential for achieving greater coherence and accelerating development. Delegates also strongly encouraged public/private partnerships as effective ways to create a favourable climate for socially responsible investment. A number of speakers stressed the important role of the private sector in wealth creation, and called for stronger partnerships between transnational corporations and national entrepreneurs to promote investment and growth.

3. There was strong support for the domestic and international reforms advocated in the draft Monterrey Consensus, including, at the domestic level, solid democratic institutions, respect for human rights, gender equality, good governance, sound macroeconomic policies and an enabling environment for private investment (both domestic and foreign). At the international level, effective progress on trade liberalization along the lines of the Doha Ministerial Declaration, especially enhanced market access for developing countries, substantially increased quantity and quality of official development assistance (ODA), external debt relief, efforts to

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stabilize international financial markets and enhanced capacity-building in developing countries, were seen as crucial.

4. With regard to ODA, the recent initiatives announced by some developed countries to increase their development assistance were welcomed as promising steps in the right direction. At the same time, several participants emphasized the need to increase the effectiveness of ODA through such measures as the untying of aid, improved coordination of donor efforts, increased country ownership and enhanced absorptive capacity of the recipient countries.

5. Rapid and effective implementation of the draft Monterrey Consensus was the focus of many interventions. Building partnerships should be part of the process of staying engaged as a long-term commitment.

6. The special needs of Africa, the least developed countries and the small island developing States were emphasized. Investment in those countries needs to be encouraged, including through the catalysing effect of ODA flows. The importance of the New Partnership for Africa's Development was stressed as a key partnership that should be supported by the international community.

Proposals additional to those contained in the draft Monterrey Consensus

7. Alongside the support for the draft Monterrey Consensus in general terms, the following concrete proposals were put forward:

- Creation of a forum for business entities from North and South under the auspices of the World Bank and the regional development banks;
- Doubling ODA as a first step towards meeting the 0.7 per cent target to achieve the millennium development goals;
- Capacity-building reforms, with a special focus on post-conflict countries;
- Creation of an international task force focusing on global public goods;
- Creation of a permanent consultative forum among developing and developed countries on financial and debt issues;
- Ensuring greater participation of developing countries in decision-making on international economic and financial issues;
- Reducing expenditure on defence and increasing public spending on social sectors, in particular for human resource development;
- Enhanced International Monetary Fund and World Bank support for regional and subregional reserve funds and development banks;
- Additional efforts to move towards sustainable debt levels of developing countries;
- Strengthening the resources of the international financial institutions and the United Nations system and increasing coordination and coherence of actions among them;
- Further consideration of private sector proposals made at the Conference;
- A reassessment of conditionalities;
- Addressing the issue of subsidies, particularly in agriculture;

- New and innovative sources of financing, including a currency transaction tax and tax incentives for private flows;
- Gender mainstreaming at all levels and in all policies;
- Establishment of an entity to issue guarantees for capital markets risk coverage in sub-Saharan Africa;
- Establishment of a global forum on taxation;
- Development of mechanisms for debt arbitration among creditor and debtor countries.

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Addendum

Ministerial round table A.1, on the theme "Partnerships in financing for development"

Tuesday, 19 March 2002 (morning)

Summary by the Co-Chairs

Paa Kwesi Nduom, Minister for Economic Planning and Regional Cooperation (Ghana)

Charles Josselin, Minister for Cooperation and Francophonie (France)

Heidemarie Wieczorek-Zeul, Federal Minister of Economic Cooperation and Development (Germany)

1. We began with a fundamental agreement: attaining the millennium development goals is a most urgent priority and partnership is at the root of the system of international cooperation that can turn those goals into reality. Ministers and senior officials of Governments, senior representatives of international organizations, business leaders and representatives of non-governmental organizations were thus able to hold a rich and focused round-table discussion on how to maximize the effectiveness of the contributions to financing for development of a wide variety of traditional and innovative partnerships between official entities, and between official entities and private enterprises and civil society.

Public-public partnerships

2. The vast majority of speakers expressed their concern about the inadequacy of official development assistance (ODA) to developing countries in the face of the urgent need to meet the targets agreed by the international community at the Millennium Summit of the United Nations General Assembly. It was recognized that

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despite their efforts, some developing countries will not be able to attract enough private capital flows or to amass sufficient domestic resources to finance their developmental needs. For those countries, ODA will continue to be an important source of resources. While welcoming recently announced ODA initiatives, speakers urged donor countries to increase both the level and the efficiency of ODA for the mutual benefit of both donor and recipient countries.

3. It was recognized that ODA resources have not always been targeted at the poorer countries but have often been driven by geopolitical considerations. In that respect, it was suggested that donor ODA practices and policies need to be changed. The need was underlined for increased coordination among donor countries to support the priorities and programmes of recipient countries and efficient public partnerships. A long-term planning framework, such as the poverty reduction strategy paper, should originate in the recipient country and be the basis for increased dialogue and consultation between the recipient country and its donors. Transparency and accountability are essential for the success of that process.

4. Participants stressed the need to improve the policy coherence and consistency of donor countries as a means to improve ODA efficiency. While welcoming recent initiatives in that area, such as the Cotonou Agreement of the European Union and the African, Caribbean and Pacific Group of developing countries and the African Growth and Opportunity Act of the United States, several speakers voiced their concern about ongoing protectionist practices in donor countries, which mitigate the potential positive impact that ODA can have on developing countries and reduce opportunities for faster economic growth through increased trade. In addition, the view was expressed that such practices indicate a lack of commitment to trade liberalization, a condition often imposed on developing countries in their negotiations with international financial organizations, and could represent a serious impediment to the new development agenda for trade negotiations launched in Doha in November 2001.

5. Lack of market access by developing countries to the markets of developed countries is considered a great obstacle to development. At the same time, additional efforts are necessary to overcome supply-side constraints in developing countries and enhance their productive capacities.

6. The importance of regional integration was also highlighted, as well as the possibility that public-public partnerships could be explored to provide solutions to common problems not only in the economic domain but also in the areas of health and education, among others. Several speakers placed great hopes on the New Partnership for Africa's Development as an answer to the continent's developmental quest. While the Partnership is a home-grown initiative, there is recognition that African countries will need assistance in the implementation process. Accordingly, the Partnership could be considered as a model for a new framework of cooperation among major development partners.

7. Several participants expressed support for the proposal that ODA be used to promote foreign direct investment and facilitate the integration of developing countries in international trade. Such measures would maximize potential synergies in the generation of additional resources for development. In that sense, capacity-building is considered essential.

8. Speakers also expressed their concern that the conditionality for official flows to developing countries is not uniformly applied, and they urged greater consistency of such requirements. In addition, it was felt that conditionality should not go beyond what has been agreed in international forums.

9. The debt overhang continues to represent a serious impediment to growth in developing countries because it discourages private flows and represents a significant drain on scarce local resources. In the past few years, the international community has witnessed a series of significant initiatives to relieve the external debt burden, particularly of the highly indebted poor countries. However, participants suggested that more needs to be done and greater flexibility must be exerted in establishing debt sustainability because countries are continuously subjected to external shocks, such as the recent global slowdown and sharp fall in commodity prices.

Public-private partnerships

10. It was stressed that the effectiveness of public-private partnerships depends crucially on a supportive institutional environment, including a modern judicial system. A modern legal system is seen as one of the most important structural changes because it enhances governance by providing increased transparency and accountability, which would help curtail corruption where it is a problem. Accordingly, the development of a strong justice system should be supported by technical assistance.

11. It was emphasized that to increase private investment, including foreign direct investment, more government or public-private investment in infrastructure is needed. There were also suggestions to increase the role of regional development banks in trade financing and project financing, together with the private sector. Several examples of successful collaboration between public and private sectors were given, including infrastructure development (water supply, telecommunications), education, research and development, and foreign equity investment in small and medium-sized enterprises.

Overall considerations

12. Several speakers emphasized that broader institutional considerations need to be in place for the above partnerships to be effective. They should make it possible to realize the right to development in a just society, with gender equality. By emphasizing the social dimensions of sustainable development and mobilizing public support in developing and developed countries, civil society is making an important contribution to that process.

13. Problems of global economic governance were also discussed, including the increased participation of developing countries. The participants pointed to the need for more cooperation, coherence and consistency among different international economic organizations. In addition, some speakers argued that there is a gap in global economic governance because a global economic forum is lacking. Accordingly, it was suggested that treaties, such as those on global environmental issues, could serve as a model for more formal partnerships. In addition, some speakers suggested that partnerships in economic governance could be solidified through the establishment of an Economic Security Council.

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Addendum

Ministerial round table B.4, on the theme "Coherence for development"

Wednesday, 20 March 2002 (afternoon)

Summary by the Co-Chairs

Owen A. Arthur, Prime Minister and Minister of Finance (Barbados)

Jean Lemierre, President of the European Bank for Reconstruction and Development

1. The round table produced a rich debate on many aspects and dimensions of coherence and its relevance to development. There was a widespread view that the draft Monterrey Consensus provides a sound framework for a coherent approach to development and the achievement of the millennium development goals.

General aspects

2. Participants welcomed the impetus provided by the draft Monterrey Consensus and emphasized that more coherent policies and efforts are needed at all levels. Coherence requires a long-term approach and must be built on a set of sound domestic policies, democracy, the rule of law, the enforceability of contracts and anti-corruption measures. A supportive international environment is seen as crucial. Multiple conditionalities, protectionism, domestic subsidies and inadequate coordination in the development policies of international institutions are hindering efforts to create a global economic system that supports the achievement of the internationally agreed development goals.

3. Ministers and other stakeholders stressed that coherence implies partnership at all levels. The coordination of efforts to rapidly implement the goals set out in the draft Monterrey Consensus is the duty of each and every party. There is a need for

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clarity in the responsibilities of all stakeholders to coordinate efforts and to improve broad-based policy dialogue. Transparency and accountability must be the underlying principles in that endeavour.

4. Coherence must be people-centred and aim at a higher quality of sustainable livelihoods. It was stressed that true coherence relies on the citizen, who must be integrated through an appropriate institutional framework. Everyone must be able to participate in order to support a well-functioning political process. Coherence is a coming together of all parties and in all sectors — in an early and broad manner.

5. Coherence and diversity work together. Participants stressed that development strategies must recognize different policy environments. Pluralism and heterodox approaches should be encouraged, but all forces must be brought together, which requires an environment that is conducive to better and more transparent coordination of efforts.

6. Resources are an important aspect of coherence. The recent European Union and United States initiatives to increase spending on official development assistance (ODA) are welcome as first promising steps in the right direction. The effectiveness of aid has increased in the past few years, but more remains to be done to enhance the absorptive capacity of developing countries, including through private/public partnerships. Every country is responsible for its own development, and it is crucial for development strategies to be owned by individual developing countries. However, development requires much more than aid. Coherence implies joint efforts to address domestic resource mobilization, trade issues, debt problems and the reform of the international financial architecture.

Main issues discussed

7. Many participants stressed the need to address the inconsistencies in the overall approach to development. A coherent approach would imply the use of a variety of instruments and policies that do not conflict with each other. A fundamental problem in that respect lies in the incoherence between the development assistance and trade policies of developed countries. Protectionism, especially in the agricultural and agro-industrial sectors, creates distortions in international trade, and by penalizing competitive producers in developing countries that have comparative advantages in those sectors represents an obstacle to growth. The agreements reached at Doha, if fully implemented, represented an opportunity to advance towards a more development-oriented series of trade negotiations. However, as one minister noted, capacity constraints could be an obstacle preventing many developing countries from reaping the benefits that more accessible markets make possible through optimizing the scale of production.

8. The combination of liberalized and increasingly volatile capital flows, particularly short-term flows, with an international financial system that is designed for a world with capital controls and far less integrated financial markets, is another source of incoherence that needs to be addressed. One reflection of that problem is the repeated occurrence of international financial crises, which are often preceded by large capital inflows and revel underlying vulnerabilities and shortcomings at both the national and international levels. Coherence in the financial sense requires measures in developing and developed countries, as well as at the international level. Such measures should include international financial regulations for

institutional investors, highly leveraged financial institutions and off-shore financial centres.

9. Several ministers referred to the crisis in Argentina as a dramatic example of the urgent need to address incoherence at the international level. Some ministers expressed their solidarity with the Argentine people and its Government, and emphasized the need to support the Government in its pursuance of economic reforms amid extremely difficult circumstances.

10. Conditionality attached to development aid could be a source of incoherence and needs to be addressed, according to several participants. In many cases, multiple and conflicting conditionalities can impose a heavy burden on recipient countries, and their absorptive capacity needs to be taken into account in that respect. Improved coordination among donors is essential. It was also stressed that conditionality needs to be applied in such a way that the people of developing countries are not penalized for the failure of their leaders to meet basic performance criteria for aid. It was also felt that effective development assistance requires donors and recipients to share the same goals, as well as a full commitment by Governments of recipient countries to those goals, particularly to poverty eradication. Ministers also addressed the need to avoid confusion between the goals of ODA and those of private economic activity, for example by avoiding the use of ODA to subsidize private business and to mitigate its inherent risk.

11. Ministers had a broad discussion on the coherence of policies at different levels and with different approaches. One key issue was the coherence and coordination of the macroeconomic policies of the main advanced countries, which was seen as an essential ingredient of global macroeconomic stability and sustained, effective development policies, which would benefit all, particularly the developing countries. It was also viewed as a key aspect of the establishment of an enabling international environment, without which the development efforts of developing countries cannot succeed.

12. Another aspect of policy coherence concerns development policies in the developing countries, particularly between macroeconomic and sectoral policies. For example, the subsidization of certain sectors can exacerbate fiscal burdens and lead to distortions in economic activity. One key aspect of policy coherence raised by one minister was the importance of public awareness of and support for economic policy and reform options. Even if policies are technically sound, they cannot succeed without the support of the people.

Proposals

13. The following proposals were made:

- An international taxation organization should be created to tackle issues of international coordination of tax policies, with a possible extension to issues concerning foreign direct investment (FDI);
- A committee should be established to harmonize the evaluation of procedures by the international financial institutions;
- The United Nations should study the positive and negative aspects of FDI and how to maximize its benefits for developing countries while limiting its negative impacts;

- Enhancing the civil service's effectiveness should become one of the priorities of official development assistance, inter alia, because it is needed for the development of the private sector;
- An index of sustainability of enterprises of developing countries, along the lines of the one that is already in place for developed countries, should be developed. That initiative would help to improve the triple social-environmental-economic bottom line at the national level;
- The international high-level economic dialogue now carried out under the Group of Eight Major Industrialized Countries grouping should be opened to include other groupings and the widening of the agenda.

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Addendum

Ministerial round table B.1, on the theme "Coherence for development"

Wednesday, 20 March 2002 (morning)

Summary by the Co-Chairs

Jan Kavan, Deputy Prime Minister and Minister of Foreign Affairs (Czech Republic)

Rubens Ricupero, Secretary-General of the United Nations Conference on Trade and Development

1. The round table began with the recognition that the International Conference on Financing for Development needs to successfully address the matter of coherence. Policy-making in both individual Governments and intergovernmental settings has become specialized into more or less related entities that cooperate imperfectly. In many cases, the difficulty is not lack of information but unresolved differences in policy preferences that lead Governments or international organizations into inconsistent actions. Our discussion focused on coherence difficulties both in national Governments and internationally. Certain participants in our round table also announced a significant initiative.

Domestic Coherence

2. Participants noted that the search for coherence is not a new phenomenon and that additional efforts are required. However, in approaching the issue, all dimensions of development and all stakeholders and partners should be considered in a comprehensive and holistic approach, in which all players should reinforce each other. For instance, lack of cohesion in the international sphere can undermine efforts to enhance cohesion at the domestic level.

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3. Some participants considered that despite its importance, enhancing coherence should not be pursued at the expense of addressing specific problems. Sometimes painful policy reforms are necessary and they should not be dismissed under the false pretence that they undermine consistency. On the other hand, it was widely recognized that developing countries are overburdened by a vast array of donor and creditor requirements. Seeking to implement them drains scarce resources and they thus need to be simplified.

4. Considerable attention was devoted to the need to promote and enhance cohesion at the national level, both in developed and developing countries. Some speakers noted that achieving that goal would be a major challenge. The process involves numerous actors who may have conflicting interests and objectives — the national, regional and local levels of government and public institutions, the private sector and civil society.

5. Participants considered that a clear vision or development strategy, formulated at the country level, that brings all stakeholders together in a spirit of true partnership and cooperation, could have an important bearing on improving coherence. In addition, it was stressed that such a vision should be based on respect for and support of human rights, promotion of gender equality and protection of the environment. The global compact launched by the Secretary-General of the United Nations and the increased attention by large institutional investors, such as pension funds to good corporate citizenship by the firms in which they invest, were cited as examples of relevant actions by different stakeholders.

6. Some speakers highlighted the importance of public sector reform as a means to improve coherence at the national level. As the role of government has evolved in a number of countries, the State has become less a direct producer and more an enabler of economic activity. This requires that government have a strong institutional, supervisory and regulatory capacity, for example for the development of an effective financial sector, which is central to successful domestic resource mobilization. Adequate financial and technical support from the international community is also considered necessary to enable such reforms.

7. Some speakers noted that although foreign direct investment (FDI) is important for development, simply attracting FDI does not automatically imply faster growth. There is a need for complementary domestic policies to link the operations of foreign firms to the domestic economy and thereby increase its benefits for the country concerned.

8. One means of reducing inconsistencies is to increase the transparency of business and government practices and share information fully. Accordingly, representatives of the business sector put forward a series of proposals, including the establishment of a global information clearing house, the promotion of investment guidelines in least developed countries, enhancing developing countries' access to equity and debt financing, new mechanisms for infrastructure financing, and strengthening small and medium-sized enterprises in developing countries.[1]

[1] See paper entitled "Strengthening financing for development: proposals from the private sector", compiled by the United Nations-sanctioned business interlocutors to the International Conference on Financing for Development, March 2002.

International coherence

9. Participants stressed the importance of better coherence between national development efforts and international cooperation. It was argued that the major industrial countries should pay more attention to the consequences of their macroeconomic policies for the rest of the world. It was also observed that combating corruption requires cooperation between developing and developed countries, especially if developing countries are to recover illicitly removed funds.

10. A large majority of speakers expressed concern about incoherence between trade and development policies. It was emphasized that structural reforms in developing countries, including foreign trade liberalization, have not been accompanied by adequate measures in industrial countries to open up their economies. Moreover, developed countries still heavily subsidize the export of many products, and developing countries that are efficient producers of those products have had to compete in third countries against those subsidized exports. Hence, the efforts of many developing countries to modernize their economies are held back by the lost opportunity to earn sufficient financial resources from exports. In addition, many developing countries do not have the capacity to adequately participate in negotiations to further liberalize trade in a balanced way, as in the case of agriculture in the World Trade Organization (WTO). It is recognized that technical cooperation to assist those countries in trade negotiations should be a priority.

11. Problems of cohesion in official development assistance (ODA) were also highlighted. The participants argued that although in the 1990s the developed countries experienced strong growth, in that period the volume of ODA declined, which, according to one speaker, represented a fundamental incoherence. It was also stressed that unlike the time-bound commitments contained in the adjustment programmes that developing countries arrange with multilateral creditors, most donors have not set a timetable for increasing ODA. Moreover, it was stressed that donors should streamline and harmonize procedures and not lightly or frequently change priorities of assistance, which sends conflicting and confusing messages to the recipients.

12. The participants tried to find ways to better link national and international development efforts. It was agreed that that could be achieved if respective goals were clear and shared. Developing countries should be assisted to build the capacity to determine their own viable development programmes, which should be supported by the international community. Poverty reduction strategy papers are considered to be a move in the right direction.

13. The need to improve coherence among the international agencies was also emphasized as one of the most critical issues. It was stressed that member countries often speak in different voices in different organizations and that those organizations can speak in different voices to individual countries. In addition, the economic programmes for developing countries do not always take due account of domestic conditions. A standardized approach should be avoided.

14. There should also be more coherence among donors at the operational level, for example to simplify procedures and cut costs of implementation. Furthermore, policies of international development institutions have not always produced expected outcomes. For instance, the retreat of public financing from infrastructure projects has led to substantial reductions in that important component of investment.

It was argued that the regional development banks should increase their activities in that sphere and that consideration should be given to strengthening regional financial cooperation for development.

15. At the same time, speakers stressed that there have been positive developments in the closer cooperation of international organizations, including Bretton Woods institutions, WTO and the United Nations and its agencies and programmes. It was suggested that the United Nations play a central role in monitoring, assessing and coordinating international development cooperation, and that the relationship between WTO and the United Nations be put on the same basis as that between the United Nations and the Bretton Woods institutions.

A specific proposal

16. China and the United States of America announced a notable initiative during the round table as a follow-up to the Conference. They intend to bring together Governments and enterprises in Shanghai, China, in November 2002 in order to help better realize the potential contribution of foreign direct investment to economic growth and development.

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Ministerial round table B.3, on the theme "Coherence for Development"

Wednesday, 20 March 2002 (afternoon)

Summary by the Co-Chairs

Ram Sharan Mehat, Minister of Finance (Nepal)

Enrique Iglesias, President of the Inter-American Development Bank

1. Various dimensions of coherence were addressed — national, regional and international — among international institutions, among international institutions and developing countries, and among objectives and instruments. Coherence among the economic, human, gender, social and environmental dimensions is seen as essential. Striking the balance among those different agendas will be a key challenge for the World Summit on Sustainable Development. In that sense, the success of the International Conference on Financing for Development and the Summit are closely related.

2. The millennium development goals provide a broad framework for coherence not only among policies and programmes of countries but also among multilateral institutions. The commitment to the substance and the spirit of the draft Monterrey Consensus and its follow-up should give new impetus to the mobilization of resources for their effective implementation. Since broad consensus has emerged on the need for coherence, attention should now focus on practical and effective measures for its promotion. In the end, coherence will be measured by its ability to reduce the number of people living in poverty.

3. Several speakers stressed that coherence must start at home, especially among different ministries and other stakeholders, if directives to international institutions are to be equally coherent. No single actor or policy can succeed on its own but only

in an effective combination of efforts. In that regard, better governance and coordination are essential to improve coherence within and among countries and institutions in the delivery and effective use of development assistance. The role of nationally owned policies as a framework for coherence, including in relation to poverty reduction strategy papers, was also emphasized. The need for coherence between national policies and multilaterally agreed commitments was further stressed. Cooperation among countries on issues that need to be addressed at the regional level can also enhance coherence of policies and actions.

4. At the global level, increased participation of developing countries in international decision-making was seen as critical for coherence. Moreover, an effective strategy for development should seek to reduce existing asymmetries in access to capital and technology as well as between mobility of capital and restrictions to labour movements. The vulnerability of developing countries to external shocks and the frequency and more pronounced nature of economic cycles in those countries should also be addressed through a more coherent response that encompasses macroeconomic, financial, trade and social measures. Similarly, increased official development assistance (ODA) for low-income countries should not come at the expense of flows directed to middle-income countries, otherwise poverty levels in the latter would inevitably rise. External debt burdens should be sustainable and consistent with poverty reduction goals.

5. Speakers pointed out the importance of strengthening coherence between the United Nations, the Bretton Woods institutions and the World Trade Organization, as well as regional financial institutions. Development should be placed at the centre of the global political agenda. The dialogue on development among all stakeholders, including decision makers, in the political, development, finance and trade areas spurred by the Monterrey process was welcomed, and the importance of continuing it as a major new trend was stressed.

6. It was considered that coherence in the international trading system requires the removal of obstacles to developing countries' exports, especially in agriculture and textiles. The Doha Ministerial Declaration and upcoming trade negotiations were seen as an opportunity to make the international trading system more responsive to the development needs of developing countries and more sensitive to the social and environmental dimensions.

7. The need for greater investment to prevent the conflict situation that has affected many developing countries was also stressed. The conflict situation has deepened and expanded poverty, enriching only those who benefit from the arms trade.

8. A better understanding of the relationship and exploitation of the synergies between the millennium development goals and other relevant policies will require further analytical work.

Proposals and recommendations

9. The following proposals and recommendations were made:

- Establish a "global compact for coherence" of commitments by developed and developing countries;

- Address consistency in donor countries between national interests and constraints, on the one hand, and development assistance goals on the other;
- Harmonize policies, actions and procedures of various institutions to align them with the millennium development goals and their implementation, as well as for monitoring and assessing results;
- As the most inclusive and participatory forum, the United Nations should remain at the centre of discussion on the promotion of coherence among development cooperation, macroeconomic and social policies;
- Fully utilize the potential of the Economic and Social Council to promote meaningful dialogue for policy coherence;
- Further strengthen the United Nations Development Assistance Framework and United Nations Development Group mechanisms;
- Establish a clearing house at the national level to share information, enhance coordination among different ministries and other actors and build on the outcomes of various United Nations conferences;
- Ensure that development cooperation policies do not directly or indirectly support arms purchases that lead to conflicts. Exploitation of conflicts for financial gains should be prevented through the development of global ethics;
- Promote the democratization of global governance;
- Ensure balance between macroeconomic reform programmes and the social agenda;
- ODA should be supportive of recipient countries' national strategies and should be united.

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Note by the Secretariat

Addendum

Ministerial round table B.2, on the theme "Coherence for development"

Wednesday, 20 March 2002 (morning)

Summary by the Co-Chairs

Trevor Manuel, Minister of Finance (South Africa)

Eveline Herfkens, Minister for Development Cooperation (Netherlands)

1. The round table had a highly interactive and lively discussion on enhancing coherence for development. Many dimensions of coherence were addressed, both national and international, in particular coherence among international institutions and among international institutions and developing countries.

General considerations

2. A key thrust of the debate was that the millennium development goals, the draft Monterrey Consensus and the sustainable development agenda have provided major impetus to achieving greater coherence in the development policies and actions of all partners. There is now broad consensus that more coherence is needed. But that has to be translated into concrete implementation and actions.

3. Ministers and stakeholders noted that the current approach adopted by many countries of giving uncoordinated directives from individual ministries to the various international institutions creates problems for good global governance. Coherence must start at home. Otherwise, such lack of coherence is exported to the international systems and hinders the efforts to guide globalization so that it supports the millennium development goals. In the end however, coherence must be established worldwide.

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4. A major challenge today is how to introduce a pro-poor focus in trade policies and the international trading system and ensure that they better support development goals. The agricultural and energy policies of developed countries must be submitted to the same scrutiny on policy coherence. The most restrictive trade barriers are a burden on the products of the poor. In particular, agricultural subsidies could be better spent on investing in millennium development goals.

5. Coherence in cooperation policies should accompany country ownership of national poverty reduction strategies. Some progress has been made, but we need increased efforts in that area. Often, lack of coherence in national policies reflects the insufficient administrative capacity of a country to make policies in today's complex conditions. Once national poverty-focused strategies are formulated, with adequate participation by all stakeholders, donors should be more flexible and finance strategies with a predictable, multi-year commitment, preferably in common pool mechanisms.

6. Countries' poverty reduction strategies — notably the poverty reduction strategy papers (PRSPs) — are excellent tools for countries to foster policy coherence and make education, health and defence budgets add up to one integrated budget with a poverty focus. Coherence between macroeconomic policies and microeconomic policies is crucial for sustainable development. Yet a proper analysis of what pro-poor policy contains is country specific. Countries other than the highly indebted poor countries should also consider formulating PRSPs in order to reduce poverty in a comprehensive manner.

7. At the national level, transparency and communication, as well as consultation with all partners at local and other levels, are critical to improved coherence. Thus, transparent and sound governance at the national level goes a long way towards ensuring policy coherence.

Main issues

8. The lack of policy coherence at the national level in developing countries reflects both a lack of capacity and, in many cases, incoherence among donors. Increased coherence in developing countries requires a major cooperation effort for capacity-building. A coherent approach by developed countries to support development requires removing obstacles to the exports of developing countries and providing market access, particularly in the areas of agriculture, manufacturing and services. Often, inconsistency arises from conditionalities imposed by donor countries and institutions. One country reported that it had to comply with some 160 conditions for obtaining support to its poverty reduction strategy. It was considered important for donors to show flexibility and help countries to respond to new situations or needs of an urgent nature. Double standards should be avoided, and all countries should impose on their own actions the same scrutiny and goals that they impose on others.

9. When international financial volatility originates in developed countries, the demand for liberalization of the capital account worsens rather than improves financial conditions and stability in developing countries. It was stressed that the International Monetary Fund (IMF) does not currently call for indiscriminate liberalization of the capital account in developing countries but rather for the appropriate sequencing of strengthening of the financial sector and capital account liberalization.

10. Coherence between macroeconomic and microeconomic policies in developing countries is crucial for achieving development. That includes supporting poverty reduction priorities with budget levels that accommodate pro-poor spending and establishing coherence between social and economic development policies and between public investment and private investment policies. Linkage between trade and development policies must also be made in development strategies, and the link between trade and poverty needs to be assessed.

11. Coherence must be ensured between business actions and national plans. New initiatives, such as the New Partnership for Africa's Development, could be a driving force for mobilizing the contribution of the private sector to development.

12. Gender blindness is an obvious example of lack of coherence. Trade liberalization may have negative consequences for women. Improved participation of women in economic policy-making must be ensured. Girls' education is one of the most effective means to reduce poverty.

13. Reference was also made to the issue of incoherence in the policy advice provided by IMF, i.e., its article one on full employment.

14. There is a need to formulate a single set of issues for the Bretton Woods institutions , the World Trade Organization (WTO) and the United Nations. WTO members should invite their representatives to subscribe to the millennium development goals as a charter since the Marrakech Agreement Establishing WTO describes trade as a means to development.

15. The multilateral organizations and bilateral donors still have fragmented priorities and strategies that undermine coherence. Ad hoc contributions to subprogrammes of the specialized agencies create even more fragmentation rather than a coherent United Nations strategy.

16. In the United Nations, ongoing reform efforts aim to reduce the fragmentation of its operations and improve coherence in its day-to-day work, but more remains to be done. The United Nations needs help from donor countries in that respect through an increase in their core contributions. One participant suggested that at the next General Assembly, a request be made that the Secretary-General explore the idea of establishing an economic and social security council, with comparable functions to those of the Security Council. At the same time, there is a need to ensure that the Economic and Social Council is focused on the key issues of development.

17. Coherence at the multilateral level requires the full participation of developing countries. In WTO, there has been progressive transparency in its operations, and there is now a requirement that all members participate better in decision-making. The more members understand trade issues and how they impact their development, the better their participation and coherence of decisions. The draft Monterrey Consensus and the International Conference on Financing for Development are definite steps forward in the participation of all stakeholders and in improving coherence.

Looking ahead

18. The following issues were revised:

- What do we focus on now in terms of how we want international institutions to be? Who should be doing the thinking now since the existing institutions are

not the places that should be doing it? Who will provide the political leadership for listening to new ideas and changing institutions?

- Is there a true sense of multilateralism? Can large countries choose to opt out or are there the same rules and standards for all countries?

- The issues discussed need a lot of creative thinking. The focus on the millennium development goals and the road map for their implementation can provide us with strong guidance for coherence. Upcoming events — the World Summit on Sustainable Development to be held in Johannesburg, the Development Committee meeting to be held at the World Bank-IMF meetings and the Economic and Social Council-Bretton Woods institutions high-level dialogue — will provide opportunities for bringing those issues forward after some further thinking and continuing the momentum that was generated at this round table. Accordingly, we will submit the main findings of the round table to the high-level dialogue.

Recommendations

19. The following recommendations were made:

- There is a need to establish at the developing country level one coordination (or central contact) point for economic cooperation to give a sense of direction and ensure coherence between donors and domestic policy. Periodic briefing of donors and discussion with domestic stakeholders should be part of such a mechanism;

- There is a need to develop a single matrix for development, including national authorities, official development assistance, technical assistance and foreign direct investment, partly to avoid donors operating in the jurisdictions of ministries, and to reconcile national and international agendas;

- When countries come up with credible PRSPs, based on broad consultation with stakeholders, donors should be ready to provide more flexible financing;

- In developed countries, to confront the conflicts between national issues (interests) and the requirements to assist development (global issue) it is necessary to give a new public dimension to the global fight against poverty;

- The Organisation for Economic Cooperation and Development ministerial meeting held in June 2000 subscribed to policy coherence, which should now be followed up by an implementation plan;

- The European Union, already committed to enhance coherence in Maastricht in 1992, should pursue that commitment more vigorously;

- It is crucial to review progress in national and international efforts in order to achieve the millennium development goals and reduce inequity;

- The Bretton Woods institutions and WTO must help to build partnerships for enhancing countries capacities in the area of sustainable development;

- WTO should ensure that its work more clearly supports the pursuit of the millennium development goals and poverty eradication;

- The Philadelphia coordinating mechanism, which brings together Bretton Woods institutions executive directors and delegates to the United Nations,

should be expanded to Geneva-based institutions and could be broadened to include other developed countries;

- The Economic and Social Council must focus on key topical issues of the day. It has an important role to play in the follow-up to the Monterrey Conference and in helping to keep the focus on coherence and coordination in pursuit of the millennium development goals.

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Note by the Secretariat

Addendum

Summit round table C.4, on the theme International Conference on Financing for Development: "Looking ahead"

Thursday, 21 March 2002 (morning)

Summary by the Co-Chairs

Ion Iliescu, President of Romania

Thaksin Shinawatra, Prime Minister (Thailand)

1. The round table had a very rich and substantive debate, a further testimony of the commitments of leaders of government and civil society at large to financing for development.

2. A key message of the debate was strong support for the draft Monterrey Consensus. The International Conference on Financing for Development has managed to involve the international community and a range of partners in the first ever debate on how to finance development. It will give impetus to the implementation of the millennium development goals.

3. Globalization unites us in one world. Poverty in one place is poverty everywhere. Globalization should be made truly inclusive, and should benefit all nations and partners more equitably to reduce poverty.

4. The Conference has started forging crucial alliances between developing and developed countries and all partners. Those alliances aim to achieve the goals of halving poverty, reducing the gap between poor and rich countries, building social justice and gearing the international financial, trade and economic systems towards the achievement of the goals set at the Millennium Summit of the United Nations General Assembly.

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5. The new global partnership for development now has to be translated into concrete actions. We must now not only look ahead but move ahead.

6. That will entail carrying forward the set of reforms and policies agreed to in Monterrey. There is growing consensus that reforms are necessary at both the national and international levels to ensure a stable and conducive environment for development.

7. At the domestic level, countries have an obligation to work to eradicate poverty. Policies have to reconcile the concern for longer-term development goals and structural reform with the need to respond to the urgent needs of the poor. The benefits of development should target those most in need, particularly people at the grass-roots level, who should be provided with greater access to capital and information technologies. Good governance, sound policies and strengthening of the financial sector are crucial for development and for attracting investments. Gender should be mainstreamed in all policies. It is important to ensure broad participation and transparency in devising policies and initiatives at both the national and international levels.

8. A major international effort is called for to give countries the tools to move forward in development and poverty eradication. Official development assistance (ODA), trade and foreign direct investment (FDI) are three essential tools for development financing.

9. The promises of the Doha Ministerial Declaration for a meaningful trade liberalization, supportive of development, must be fulfilled. A major effort is required by developed countries for liberalizing trade in agriculture and reducing subsidies. Some speakers stressed the importance of labour standards and the role of the International Labour Organization in that regard. Others advised against linking trade discussions with those on environmental and labour standards.

10. Greater coherence and coordination at all levels is essential. Efforts to build a more stable and participatory international system must be pursued. Reform of the international financial architecture is crucial and must be pursued to foster international financial stability and help to build an international financial environment supportive of development. Standards and codes are essential for the conduct of international financial relations, but they also need to take into account the readiness of the domestic institutions in each country.

11. The commitment expressed by some countries to increase ODA are welcomed. It is essential that all donors renew their commitments to increase ODA and reach agreed targets. Further progress is needed to solve the problems of poor countries' external debt.

12. International efforts to build the capacity of developing countries are essential. Development cooperation must be conducted in the context of country-owned frameworks.

13. The international community should support the New Partnership for Africa's Development as the new strategy for reviving development in the continent.

14. The key role and responsibilities of the business sector in development were underscored. Small and medium-sized enterprises are especially important for creating employment, helping to reduce poverty and supporting growth.

15. We need to set up some concrete mechanisms for the follow-up to the Monterrey Conference.

16. The United Nations, the Bretton Woods institutions, the World Trade Organization (WTO) and other international institutions have an important role in the implementation and follow-up to the Conference. The structures and functions of those institutions, notably the Bretton Woods institutions and WTO, may need to evolve to respond to a rapidly changing environment so as to best carry forward the goals of the Conference.

17. Developing countries need to be given a greater voice in international financial institutions. Reform in that regard must be pursued. It is hoped that the Monterrey Conference will lead to developing a new, more equitable system of international governance.

18. The presence of so many heads of state and government as well as leaders of business and civil society in Monterrey augurs well for the future implementation of the Conference and for the upcoming World Summit on Sustainable Development.

Proposals

19. A number of proposals and ideas were put forward in the course of the discussions of the round table to reinforce or carry forward the commitments of the draft Monterrey Consensus, including the following:

- An action plan and a follow-up mechanism should be developed for implementing the Conference;
- Compacts should be established between recipients and donors to monitor policies;
- An external gender monitoring group could be set up to monitor the integration of gender perspectives in efforts to promote coherence and coordination in the achievement of the millennium development goals;
- An international debt workout system was called for;
- Proposals made by the business sector, such as the creation of a global information clearing house or venture capital funds to help support enterprise creation, should be considered in the follow-up to the Monterrey Conference;
- The United Nations should help to coordinate and disseminate private-sector development initiatives, such as in the education or distant-learning fields;
- A global development corporation could be set up by the United Nations, with private sector participation, to support the creation of small and medium-sized enterprises in developing countries;
- Mechanisms for mobilizing resources to achieve the millennium development goals, such as taxation on speculative capital and on carbon emissions and a new allocation of special drawing rights should be studied and followed up;
- Efforts to combat corruption and illicit drugs should be actively pursued;
- Human rights commitments should guide the implementation of the draft Monterrey Consensus;

- The United Nations, in particular the Economic and Social Council should be at the centre of the follow-up process, which should be accountable and should empower the international community to oversee globalization.

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Summit round table C.3, on the theme "International Conference on Financing for Development: looking ahead"

Thursday, 21 March 2002 (morning)

Summary by the Co-chairs

Miguel Rodríguez Echeverría, President of Costa Rica
Alejandro Toledo Manrique, President of Peru
Mike Moore, Director-General of the World Trade Organization

1. After participating in the opening of the debate, Alejandro Toledo Manrique, President of Peru and Co-Chair of the round table, had to leave the session prematurely due to the events that had taken place in his country. Participants expressed their solidarity with the President and people of Peru.

2. The round table generated a rich exchange on the salient issues in terms of "looking ahead" beyond the International Conference on Financing for Development. The main thrust of the discussion is summarized below.

General considerations

3. Participants agreed that the commitments contained in the draft Monterrey Consensus are clear and that their implementation is the responsibility of all. To translate the draft Consensus into action will involve a process of arriving at politically acceptable decisions at the national and international levels. There is a need for strong political will. Some participants noted that there is room for optimism in that regard because there has been a growing common intellectual base for moving forward on the draft Consensus.

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4. Many participants affirmed their commitment to eradicating terrorism, within the bounds of the law, wherever it arises. Global security and the health of the world economy are closely linked since insecurity discourages private national and international investment.

5. The discussion reiterated the importance of coherence, partnership, ownership and participation in effective implementation of the draft Monterrey Consensus and working towards achieving the millennium development goals. There is a need for coordinated efforts to strengthen governance and participation in decision-making at the national and international levels while pursuing coherent development, trade and economic cooperation policies.

6. Several participants underscored the major potential contribution of trade to development and poverty reduction in developing countries and the huge cost that subsidies and trade barriers in developed countries have imposed on developing countries.

7. Participants welcomed the new aid commitments resulting from the Monterrey Conference, while noting that they represent only a first step in efforts to increase aid to achieve the millennium development goals. There was general agreement that improving the effectiveness of aid is the responsibility of donor and recipient countries, and involves improved coordination and capacity as well as national ownership of programmes.

8. It was noted by some participants that the time frame for implementation of the draft Monterrey Consensus is not sufficiently explicit. Some participants felt strongly that there is insufficient consideration of human rights, labour rights, working conditions, fair pay and social protection in the draft Monterrey Consensus. Some also emphasized the need for greater consideration of women's participation in decision-making at all levels and the importance of assessing the gender impact of economic and social policies. It was emphasized that poverty reduction and the provision of health services, education, employment opportunities and justice for all are necessary for strengthening democracy.

9. Participants underscored the importance of the follow-up to the Monterrey Conference as well as more specific modalities of implementation.

Main issues discussed

10. Delegates agreed that the Monterrey Conference represents a key turning point in building the momentum for change in development assistance. The recent initiatives announced by developed countries could be signalling a reversal of the long trend of declining official development assistance (ODA). The groundwork has now been laid for that reversal to be sustained over the long term: developing countries are more explicit about their responsibilities and the need for sound policies and good governance, and developed countries needed to prove the sincerity of their commitments, not just in the field of ODA. In large part, that mutual understanding is the result of common learning in the course of finding a new relationship between developed and developing countries throughout the last half century.

11. Specific challenges of great importance remain ahead for ODA: it should be effective and should also be delivered efficiently. It should prioritize capacity-building, whether for people — such as in the access to technologies — or at the

governmental level — e.g., developing countries' capacity to take part in increasingly complex trade negotiations. It should also take into account the need to enhance productivity and diversification in the agricultural sector.

12. Delegates noted that an essential aspect of coherence consists in a more effective division of labour and development of partnerships between international organizations, in which the respective comparative advantages would be taken into account in the implementation of development strategies. In that light, the World Trade Organization (WTO) highlighted its commitment to tap into the expertise of other international organizations, such as the United Nations Industrial Development Organization, the United Nations Conference on Trade and Development and the United Nations Development Programme.

13. To many delegates, the Monterrey Conference embodies a crucial first stepping stone in the road to a new international financial architecture. In order to be truly instrumental in the process of financing development, the new architecture will have to be more participatory and embody two key principles: prevention and stability. Stable and transparent financial flows and capital markets, at both the domestic and the international levels, are widely seen as a prerequisite for a sustained implementation of development strategies, since episodes of financial turbulence have too often interrupted social progress. Also, the institutionalization of good governance practices by developing countries at the domestic level requires a long-term approach that is incompatible with excessive volatility of financial flows, particularly short-term flows. In that light, the building of institutional capacities for prevention of financial crises at the international level is seen as essential. Accordingly, a mechanism to deal in a fair and transparent way with the problem of external over-indebtedness of developing countries was considered by delegates to be a key aspect of the latter.

14. Participants considered that the excessive volume of external debt of the developing countries must be tackled in a coherent way. External debt should not constitute a permanent and increasing drain on financial resources that would otherwise be available for development purposes. Some participants called for the cancellation of the external debt of the poorest countries. The heavily indebted poor countries initiative was commended by participants as a first step in advancing towards a solution; however, in order to enhance its coherence with other aspects of the international development strategies, progress still needs to be made by broadening the criteria for eligibility of countries and enhancing the volume of debt relief that it provides. True ownership of debt reduction strategies and their connected poverty eradication programmes by the recipient countries was also considered a key element of success. Special consideration should be given to avoid placing undue burdens on creditor developing countries. The final aim is to ensure that a country's level of external debt can be sustainable in the long run without compromising economic and social objectives.

15. Many participants drew attention to the enormous costs that are caused by protectionism for developed and developing countries alike, particularly in the area of agricultural products, textiles and other labour intensive goods. The agreements reached at Doha represent a historical opportunity to start building developmental concerns into the trade liberalization agenda, and developed countries now have a golden opportunity to live up to their commitments. But developing countries also have their part to play in the trade agenda, notably in the field of integration, in a

manner that is compatible with WTO rules. That would make their markets large enough to achieve the scale economies necessary, and it is also linked with the need to attract foreign direct investment (FDI) inflows: one of the reasons that FDI has shied away from Africa, for example, is the pervasive high degree of trade protectionism among Africans themselves, which in too many cases represents an obstacle to an efficient scale of production. Another factor that represents a key obstacle to FDI is the lack of certainty and predictability of the legal and institutional framework, underlining the key importance of good governance policies at the domestic level.

Proposals

16. The following proposals were put forward:

- Establish a strong and effective mechanism for monitoring the implementation of the draft Monterrey Consensus;
- The United Nations should play the lead role in the follow-up to the Monterrey Conference;
- Establish a permanent consultation and discussion forum between developed and developing countries on monetary and financial issues;
- Establish an annual forum for the follow-up to the Monterrey Conference;
- Pursue an arrangement between the United Nations and WTO to bring WTO into the United Nations system to improve coherence;
- Set up an international task force to advance thinking on global public goods and their financing;
- Establish an international humanitarian fund financed from traditional and non-traditional sources, including taxes on speculative capital flows and confiscation of the proceeds of drug trafficking;
- Establish an international economic/financial crisis prevention mechanism comparable to the Secretary-General's proposed early warning mechanism for conflicts in the Security Council.